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SUBJECT: AMBASSADOR'S FAREWELL MEETINGS WITH CORREA, OTHER  
GOE OFFICIALS

REF: A. QUITO 616  
[1](#)B. QUITO 633

Classified By: Ambassador Linda Jewell for reason 1.4 (D)

[1](#)1. (C) Summary: The Ambassador had farewell meetings with President Correa, VP Moreno, and Government Minister Bustamante; attended a farewell event FM Salvador hosted in her honor; and received a farewell visit from Armed Forces Commander General Varela. She urged the GOE to return to the private sector the television channels and other properties it had seized, which Correa and Bustamante assured her they planned to do. The Ambassador expressed concern that the new GOE policy of not requiring visas for any nationality would allow many entrants then to travel illegally to the U.S. Other subjects were the GOE's change agenda, Machala Power, counternarcotics and military cooperation, and programs to assist the disabled. The Ambassador received a presidential award in recognition of her efforts to strengthen U.S.-Ecuadorian relations. End Summary

#### Seizure of Isaias' Properties

[1](#)2. (C) The Ambassador emphasized to both President Rafael Correa and Government Minister Fernando Bustamante in separate meetings on July 17 the importance of resolving the dispute over properties the GOE seized from Roberto and William Isaias, who are believed to have embezzled hundreds of millions of dollars in funds the GOE provided their failing bank and then fled to the United States (reftels). Both Correa and Bustamante acknowledged the Ambassador's concerns, agreeing that they did not have the skills to run the companies, and said that the GOE plans to sell the properties that are confirmed to be property of the Isaias family. They explained the need first to allow time for appeals so current owners can demonstrate where they obtained funds to purchase the properties; if they can show they are the legitimate owners and not just front people funneling profits back to the Isaias family, then the GOE will return the properties.

[1](#)3. (C) The Ambassador particularly stressed that the two television channels need to be disposed of promptly. Correa said he understood the need to do so, noting that the GOE might give one of them to depositors who are owed funds by the failed Isaias-owned bank, Filanbanco. Correa expressed frustration that justice had not been done over the past ten years for so many Ecuadorians who lost their savings while the Isaias family profited, saying that impunity had prevailed for far too long.

## Visa Policy and Illegal Immigration

¶4. (C) The Ambassador expressed USG concern to Government Minister Bustamante about the GOE decision not to require visas for nationals of any country. Bustamante replied that he also was concerned about this aspect, but that Correa was unlikely to change his mind on the subject. He stated that it was not the GOE's intention to allow Ecuador to serve as a trampoline for those intending to immigrate to the United States. Bustamante asked that the USG inform him if we have specific information about the entry of any individuals who are intending to travel illegally to the United States. (Comment: We will follow up with Bustamante.)

## GOE Transformational Vision

¶5. (C) Correa said that many Ecuadorians were unable to understand the changes he was trying to bring about because they lack a sense of their responsibility to promote the common good and continue to promote narrow, personal agendas. Along with the usual frustration with the entrenched elite who refuse to acknowledge the injustice that has prevailed in Ecuador, he expressed disappointment over indigenous leaders who he said were acting like "caudillos" in manipulating their constituencies, the same sort of rent-seeking behavior common among the Ecuadorian elite. He mused philosophically about the greater success of Anglo-Saxon societies in development compared to Latin countries, attributing a large part of this difference to a sense of personal responsibility and an ability for self-criticism and correction that he

feels is lacking in Ecuador. He reiterated his desire to maintain a positive relationship with the United States.

¶6. (C) Correa said he was anxious that the Constituent Assembly conclude. He noted that he had tried hard to get the Assembly (where the pro-government Proud and Sovereign Fatherland, called PAIS, holds the majority) to work on behalf of bigger principles. Nonetheless, many Assembly members' small personal agendas ended up getting into the constitutional text. Correa was furious about language that had been inserted at the last minute that he thought made no sense, such as a prohibition on genetically-modified organisms.

¶7. (S/NF) Bustamante described what the GOE is trying to accomplish as changing Ecuador from a post-colonial society, where the elite only cared about themselves and their families on their big haciendas (estates). He described what he saw as the extraordinary blindness of Ecuador's traditional ruling class not to care about the rest of the society, saying he was now in the government to try to ensure attention to the needs of the entire society. Bustamante pointed to the tremendous fear of change among the Ecuadorian elite, even if they are not actually being harmed, because they no longer feel they can manage the government. He suggested that they would only get over this fear with time, when they see that the Correa administration's actions do not adversely affect their interests. Bustamante expressed an awareness of the importance of avoiding an overly intrusive state, referring to the GOE's new wiretap program and the need to ensure advance judicial authorization.

## Business Relations, Counternarcotics and Military Cooperation

¶8. (C) The Ambassador thanked Correa for meeting with representatives of Machala Power and encouraged him to expeditiously resolve their lingering issues. (Note: Machala Power is a U.S. electricity company owed back payments by GOE entities; it would likely invest further if the GOE made the payments.) Correa assured her that it was a "win-win" proposition that had unfortunately dragged on too long. He noted that he had given his team a deadline to come up with a solution.

¶9. (C) The Ambassador raised with Bustamante the problems the embassy had with obtaining approval for entry of products

that are destined to assist the GOE, such as vehicles for the police. While joking that perhaps the embassy should buy General Motors vehicles made in Ecuador, Bustamante took the problem seriously and offered his assistance.

¶10. (C) During a July 17 call by Armed Forces Commander General Fabian Varela, the Ambassador expressed concern that Defense Minister Ponce intended to reduce training programs and other cooperation with the U.S. military. Varela said that increasing military ties with other countries did not need to mean reducing cooperation with the U.S., and that, while he did not believe cooperation with the U.S. would in fact be diminished, if Ponce moved to limit ties with the U.S. military he would oppose it.

#### Presidential Award and Assistance to Disabled

¶11. (SBU) As an indication of the President Correa's personal regard for the Ambassador and his appreciation of the importance of Ecuador's relationship with the United States, Correa decided to bestow on the Ambassador the National Order of Merit "Honorato Vasquez" at the level of the Great Cross. FM Maria Isabel Salvador presented the award in a July 16 ceremony attended by five GOE cabinet members, other senior Foreign Ministry officials, and representatives of the diplomatic corps. In offering the toast at the luncheon that followed, Coordinating Minister for Internal and External Security Gustavo Larrea emphasized Ecuador's friendship with the United States and highlighted our bilateral cooperation.

¶12. (C) Vice President Lenin Moreno expressed heartfelt appreciation to the Ambassador July 15 for USAID's work to improve the opportunities available to disabled Ecuadorians. He indicated a clear understanding of the importance of

U.S.-Ecuador friendship and cooperation in this and many other fields.

CDA Griffiths